



CAPACITY ALLOCATION ON THE  
NORTH-SOUTH LINK

DRAFT RULES FOR CAPACITY ALLOCATION

JULY 6, 2012

Non binding translation

This document sets out GRTgaz's draft rules for capacity allocation on the North-to-South link from April 1, 2013.

## **1. GRTgaz proposal for the allocation of capacity on the North-to-South link from April 1, 2013**

GRTgaz is proposing that future allocations on the North-to-South link should follow on from the existing rules set out in Clause 4.6, Section B of the Transmission Contract. If the market should wish to make firm capacity available to market coupling, the level may not exceed the volume of capacity currently available, i.e. 14.5 GWh/day. Given the 50% rate of interruptible capacity that has been available in recent years, GRTgaz proposes dedicating 30 GWh/day of multiannual interruptible capacity to market coupling.

### 1.1 Reminder of the general principles

The existing system, defined in the Transmission Contract, is based on the following principles:

- Long-notice firm and interruptible multiannual capacity, representing 80% of the capacity sold, provided in the form of 2- or 3-year "bands" (uniform capacity), and short-notice capacity for a period of one year representing 20% of the capacity provided.
- A timetable consistent with the planned schedule for the sale of capacity at the interface between GRTgaz South and TIGF and, more generally, of all the capacity at GRTgaz's PIRs.
- Separate sales in the form of "Open Subscription Periods" for each of the products. For greater clarity, these periods are organised successively in diminishing order of duration.
- For reasons of consistency and to simplify the process, the same mechanism is implemented for the allocation of both firm and interruptible capacity.
- A two-phase sale of firm and interruptible annual capacity. The first is exclusively open to shippers with a licence to supply end customers (industrial customers, residential customers or customers with a public interest role), and to shippers who are themselves end customers holding a connection contract with GRTgaz. The second is open to all shippers.
- Within the first phase, a "guaranteed allocation" option is implemented to offer greater clarity to shippers with smaller requirements. The "guaranteed allocation" quantity is set at 1.5 GWh/d.
- Sale of capacity in tranches over successive rounds in the phases where no "guaranteed allocation" option is available, in particular for long-term multiannual capacity.

### 1.2 Proposed changes

#### 1.2.1 Withholding from sale of 30 GWh per day of interruptible multiannual capacity for the North-to-South link

Given the high demand for capacity on the North-South link experienced since the beginning of summer 2012, GRTgaz proposes to replace 14.5 GWh per day of firm capacity with 30 GWh per day of interruptible capacity.

#### 1.2.2 Change in proposed maturities

Given the CRE decision (ruling of July 7, 2011) not to sell capacity beyond April 1, 2015, GRTgaz proposes to reduce the maturities to one and two years.

### 1.2.3 Change to the “guaranteed allocation” option

In a period of stress, in order to make things as transparent as possible for consumers in the South zone, GRTgaz proposes to extend the guaranteed allocation mechanism to capacity with a duration of 2 years, whether firm or interruptible. However, a reduction in the level of “guaranteed allocation” to 750 MWh per day would reduce the impact on customers who do not choose this option.

## 2. Application to capacity starting on April 1, 2013

The provisions described in the paragraph above also apply to the multiannual and annual capacity beginning on April 1, 2013. The minimum levels available for reservation for each of the allocation phases are shown in the appendix.

### 2.1 Capacity levels for sale on the North-to-South link

Capacity on the North-to-South link beginning on April 1, 2013:

	2 years	1 year
Firm capacity (GWh/d)	52.76	46
Interruptible capacity (GWh/d)	92.89	44

The level of capacity sold corresponds, for a given band duration, to the level of capacity specified above, plus unsold capacity from the higher duration bands.

If firm capacity is allocated to Market Coupling, GRTgaz proposes to deduct it from long-term capacity.

### 2.2 Sale of firm and interruptible annual and multiannual capacity beginning on April 1, 2013

The rules applicable to this capacity are as described above in paragraph 1 of this document. Half of the capacity for sale is offered in the first phase, and the remaining unsold capacity is made available in the second phase.

The capacity proposed in the second phase is divided into three successive rounds using the rule of thirds:

- a third of the capacity for sale is offered in the first round,
- half of the remaining unsold capacity is offered in the second round,
- the remaining unsold capacity is offered in the third round.

Capacity is allocated on a pro-rata basis, except for shippers that opt for the “guaranteed allocation” option in the first phase.

## 3. Sale timetable

Annual capacity is sold in successive periods each stretching over two days. The proposed timetable is shown in the table in the appendix, which specifies the day dedicated to each of the two phases of the allocation mechanism for a given capacity type.

**Phase 1:** For a given capacity type, the day dedicated to Phase 1 is structured as follows:

- 9 am to 12 noon: requests received from Phase 1 participants.

- 2 pm: participants notified of the individual allocations, and all shippers notified of the number of participants and total demand.

**Phase 2:** For a given capacity type, the day dedicated to Phase 2 is structured as follows:

- 9 am to 10:30 am: Requests received from Round1 participants.
- 11:30 am: Round1 results and information sent.
- 11:30 am to 1 pm: Requests received from Round2 participants.
- 2 pm: Round2 results and information sent.
- 2 pm to 3:30 pm: Requests received from Round3 participants.
- 4:30 pm: Round3 results and information sent.

The following information is sent out following each round:

- Total demand for capacity in the round,
- Number of participants in the round,
- Individual allocation to each participant following the round.

## APPENDIX:

Product	Day	Time Period	Stage	Minimum level MWh/d
<b>Firm - 2 years</b>	Oct. 1, 2012	9 am-2 pm	Phase 1	26,380
	Oct. 2, 2012	9 am -11:30 am	Phase 2 - Round 1	8,794
		11:30 am - 2 pm	Phase 2 - Round 2	8,793
		2 pm - 4:30 pm	Phase 2 - Round 3	8,793
<b>Interruptible - 2 years</b>	Oct. 04, 2012	9 am-2 pm	Phase 1	46,445
	Oct. 05, 2012	9 am -11:30 am	Phase 2 - Round 1	15,482
		11:30 am - 2 pm	Phase 2 - Round 2	15,482
		2 pm - 4:30 pm	Phase 2 - Round 3	15,481
<b>Firm - 1 year</b>	Oct. 08, 2012	9 am-2 pm	Phase 1	23,000
	Oct. 09, 2012	9 am -11:30 am	Phase 2 - Round 1	7,667
		11:30 am - 2 pm	Phase 2 - Round 2	7,667
		2 pm - 4:30 pm	Phase 2 - Round 3	7,666
<b>Interruptible - 1 year</b>	Oct. 11, 2012	9 am-2 pm	Phase 1	22,000
	Oct. 12, 2012	9 am -11:30 am	Phase 2 - Round 1	7,334
		11:30 am - 2 pm	Phase 2 - Round 2	7,333
		2 pm - 4:30 pm	Phase 2 - Round 3	7,333